Zedcrest Research

Equity Market Strategy | 2026 Top Picks: July Performance

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Our 2026 conviction stocks portfolio maintained its outperformance through the end of July 2026, delivering a year-to-date return of 74.84%, comfortably ahead of the 57.62% return recorded by the NGX All-Share Index (ASI). This translates to an outperformance of 17.22 percentage points, highlighting the continued effectiveness of our high-conviction investment strategy despite a challenging market environment characterized by continuous profit taking activities.

Portfolio performance

Conviction Stocks	Weight	Opening Price	Closing Price	Stock Return (%)	Weighted Return
GTCO	12%	90.70	130.00	43.33%	5.20%
ZENITHBANK	7%	61.80	123.55	99.92%	6.99%
UNILEVER	10%	72.00	147.95	105.49%	10.55%
NB	10%	75.30	73.00	-3.05%	-0.31%
JBERGER	12%	152.90	310.80	103.27%	12.39%
NGXGROUP	10%	70.00	140.20	100.29%	10.03%
MTNN	17%	511.00	837.00	63.80%	10.85%
DANGCEM	7%	609.00	1,034.00	69.79%	4.89%
HBMNG	7%	134.50	363.00	169.89%	11.89%
OKOMUOIL	8%	1,095.00	1,418.00	29.50%	2.36%
				Total Return	**74.84%**
ASI		155,613.03	245,283.68	**NGX ASI Return**	**57.62%**
				Outperformance	**17.22%**

Our 2026 Top Picks portfolio continues to deliver broad-based gains across positions, with strong contributions from Financial Services, Industrials, and Consumer Goods.

Market activity in July was characterised by selective buying interest amid broad selling pressure, as investors continued to take profits on stocks that had recorded significant gains during the year. Despite this, our portfolio outperformed the market, supported by strong fundamentals, earnings resilience, and commanding market presence. This validates that our sector allocation remains well aligned with the ongoing macro shift and liquidity rotation in the market.

The banking names, GTCO and ZENITHBANK, remained relatively resilient compared to the broader market, recording month-on-month growth of 4.00% and 12.32%, respectively. Both counters remain key contributors to portfolio performance, delivering year-to-date returns of 43.33% and 99.92%, respectively. Banks are benefiting from high interest rates, which in turn support stronger earnings power. Looking ahead, we remain constructive on the banking space, supported by strong capital positions, operational efficiency gains, and attractive shareholder return prospects, as we await the release of H1 earnings.

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Within the industrial segment, DANGCEM and HBMNG rose 7.37% and 17.10% month-on-month, respectively, while JBERGER remained unchanged. All three names, however, remain among the portfolio's strongest performers on a year-to-date basis, returning 69.79%, 169.89%, and 103.27%, respectively. Our positive outlook on the sector remains underpinned by strong market leadership, pricing power, and long-term exposure to domestic infrastructure and construction activity.

Looking at the consumer segment, UNILEVER gained 17.42% month-on-month, solidifying its position as one of the portfolio's top performers and bringing its year-to-date return to 105.49%. Nigerian Breweries (NB) also advanced modestly during the month, gaining 0.69%, with its year-to-date return still in negative territory at -3.05%. The company is nonetheless expected to benefit from a significantly stronger balance sheet and improved financial flexibility relative to prior years, reinforcing our constructive medium-term view.

MTNN, the largest position in the portfolio at a 17% weight, advanced 16.25% as the stock attracts sustained flows on the back of strong free cash flow generation and consistent top-line growth from data and digital services. NGXGROUP was the standout performer for the month, advancing 22.50% to bring its year-to-date return to 100.29%, having benefited from elevated trading activity, product innovation, and rising investor participation, as reflected in its recently released Q1'26 earnings report.

Our agriculture exposure via OKOMUOIL remained unchanged, with a year-to-date return of 29.50%, amid a challenging market environment characterised by rising costs, subdued buying interest, and broader investor caution during the period. Despite the near-term weakness, the stock remains comfortably positive on a year-to-date basis, reinforcing our positive medium-term view on its underlying fundamentals and growth prospects.

August outlook

As we go into this month, we expect to see a classic third quarter market performance characterized by cautious trading as alot of stocks are approaching their technical peak after a strong rally earlier this year, because of that we expect to see strategic profit taking across selected counters. Moreso, companies have commenced the release of their H1 results and dividend declaration, this would of course influence the decision of investors who already position ahead of this period.

Furthermore, we expect the proposed Dangote Refinery IPO to influence market performance, as some investors may begin taking profits in selected equities to create liquidity for participation in the offering. With an estimated valuation of about ₦60–75 trillion, the listing could increase the NGX's market capitalisation by roughly 30–40%, making it one of the most significant events in the market's history. Nonetheless, the Nigerian equity market remains fundamentally resilient on a year-to-date basis, with the NGX continuing to present an attractive investment destination for both domestic and foreign investors.

Additionally, liquidity conditions are expected to provide broad support for the equity market as yields in the fixed-income space gradually decline. Although inflation risks remain and could slow down the pace of further yield moderation, a continued easing in yields would likely prompt investors to seek more attractive risk-adjusted returns, with equities expected to be among the preferred asset classes. However, we do not expect this to result in a broad-based market rally. Rather, investor interest is likely to remain selective, favouring companies that deliver strong half-year earnings and attractive shareholder returns.

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However, despite all of the market dynamics, we remain confident in our conviction portfolio's ability to continue outperforming the broader market. Our selections are based on different outlined and strategic scenarios which could practically play out this season considering the institutional, market, economic and political events which might influence the market performance.

Despite these challenges, we remain confident in our conviction portfolio's ability to continue outperforming the broader market. Our holdings remain concentrated in businesses with strong competitive positions, resilient earnings profiles, healthy liquidity, and demonstrated pricing power characteristics that become increasingly valuable in periods when investors are more selective and fundamentally driven. We expect our conviction portfolio to maintain its relative outperformance as corporate fundamentals regain prominence through the remaining half of the year.

Sectoral Index	YTD Performance
NGX ASI	57.62%
NGX 30	58.26%
Consumer Goods	10.82%
Oil & Gas	96.32%
Banking	66.74%
Industrial	85.42%
Insurance	0.90%

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